

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4165-01
Bill No.: HB 1187
Subject: Cities, Towns, and Villages; Courts; Transportation
Type: Original
Date: January 22, 2014

Bill Summary: This proposal changes the laws regarding the governing body of a city, town, village, or county when its annual revenue from fines and court costs for traffic violations exceed 30% of its total annual income.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume no state fiscal impact from this proposal. DESE does assume an unknown impact to local income sources from this proposal. There is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Office of the Secretary of State (SOS)** assume from this proposal that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Office of the State Courts Administrator (CTS)** assume a fiscal impact would not be in excess of \$100,000 for this proposal.

Oversight assumes that any costs from CTS relating to this proposal could be absorbed within their current appropriation level.

ASSUMPTION (continued)

Officials at the **Joint Committee on Administrative Rules** assume that this proposal would not cause a fiscal impact beyond its current appropriation.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Office of the State Auditor** and **Missouri Department of Transportation** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **Department of Revenue** assume a negative fiscal impact from this proposal. If a county, city, town, or village has less than \$2 million in general revenue excluding fines and court costs for moving violations and fines and court costs are in excess of \$70,000 and the entity receives more than 30% of its general revenue from fines and courts costs, the entity sends the excess amount to the Director of Revenue. The Department may create rules to implement the provisions of this section.

The administrative impact is that it requires each qualifying city, town or village to file an annual report. The Department administers and enforces the provisions of this section and may develop, prescribe, and issue any forms, notices or other written documents to enforce the authority and to ensure compliance of each qualifying entity. In order to establish some type of audit capability, the Department will need funding to equip and staff one field auditor. The auditor will be responsible for auditing a sample of the jurisdictions that will or could have reporting requirements to the Department of Revenue under this proposal. The annual salary for an Auditor II is \$43,860. The worksheet document includes the equipment and expense costs.

The revenue impact is unknown. § 302.341, RSMo, was amended in HB 103, which passed in the 2013 legislative session. The bill changed the statute by stating any traffic violation occurring within the city, town, village, or county must be calculated into the percentage of revenue from traffic violations instead of just violations occurring on state highways. In addition, the percentage at which they must reach from traffic violation revenue decreased from 35% to 30%. To date, the Department has not received any reports under the amended statute and has no data with which to calculate any revenue impacts. For these reasons the Department is unable to calculate an estimated revenue impact for this proposal.

ASSUMPTION (continued)

This proposal changes the laws regarding the governing body of a city, town, village, or county when its annual revenue from fines and court costs for traffic violations exceed 30% of its total annual income. An annual report will be prepared by the entity of the fines and court costs collected for the cited moving violations and this report will be reviewed by the Department of Revenue. **Oversight** assumes that the once governing bodies are informed of the new requirements they will comply with the provisions. Due to the limited number of non-compilers, DOR should be able to handle the collection of the annual reports and the review of the files with existing staff. Should DOR experience the additional workload to justify another FTE, they could seek that FTE through the appropriation process.

Officials at the **St. Louis County Board of Election Commissioners**, **Cole County** and **Platte County Board of Elections** each assume no fiscal impact to their respective organizations from this proposal.

Officials at the **City of Jefferson**, **City of Kansas City** and the **City of Columbia** each assume no fiscal impact to their respective organizations from this proposal.

Officials at the **Francis Howell School District** and the **Kansas City Public Schools** each assume no fiscal impact to their respective organizations from this proposal.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

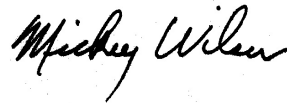
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Joint Committee on Administrative Rules
St. Louis County Directors of Elections
Cole County
Platte County Board of Elections
Francis Howell School District
City of Kansas City
City of Columbia
Office of the State Auditor
Department of Elementary and Secondary Education
Missouri Department of Transportation
Office of the Attorney General
City of Jefferson
Kansas City Public Schools



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January 22, 2014

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January 22, 2014